

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF MISSOURI
WESTERN DIVISION



Mr. Elbert Harris)
a Kansas Resident)
11436 Canterbury Circle)
Leawood, KS 66211)
Plaintiff,)
v.)
Submittal Exchange, Inc.)
an Iowa corporation)
a/d/b/a submittalexchange.com)
495 S.E. Alices Road.)
Waukee, IA 50263,)
AND)
Crown Electrical Contracting, Inc.)
A Missouri corporation)
3630 Broadway)
Saint Louis, Missouri 63118)
Defendants.)

Case No. 10-06667-CV-W-HFS

JURY TRIAL DEMANDED

COMPLAINT

Defend

7062514

laint against
change") and

Crown

, Leawood, KS

corporation
f business at

495 S.E. Alices Road, Waukee, IA 50263.

5. Respondent did not keep sufficiently formal accounting records for the deposits into and disbursement from his business/operating account and, at times, deposited unearned fees for patent legal services into his business/operating accounts.

6. From October 2004 through March 2007 Respondent signed and submitted to the Office eight (8) checks drawn on his business/operating account that were returned to the USPTO for insufficient funds. The returned checks totaled three thousand, five hundred, and sixty-nine dollars (\$3,569.00).

7. After receiving notice that the checks presented had been drawn on a bank account having insufficient funds, Respondent made good on all returned checks and returned check fees.

8. It does not appear that the submission of the eight checks drawn on insufficient funds resulted in harm to the client's patent or trademark applications.

9. Respondent represents a family illness, in part, adversely affected his management of his law office; nevertheless, Respondent acknowledges that his accounting practices were not in compliance with the USPTO Code of Professional Responsibility.

10. Since this matter has been brought to his attention by the Office of Enrollment and Discipline, Respondent has taken the following remedial action:

a. He has consulted with another licensed attorney and has become thoroughly versed in the rules of ethics regarding financial recordkeeping and the segregation of client funds from business/operating funds.

b. The financial institution where Respondent opened and maintains a trust account has agreed to provide a report to the New York State Lawyer's Fund for Client Protection whenever a check from Respondent's trust account is returned for insufficient funds. See generally 22 N.Y.C.R.R. § 1300.1. The financial institution's report that a check has been returned for insufficient funds will typically trigger an audit of Respondent's trust account by the Bar of the State of New York.

c. He established and maintains both a ledger book with separate pages for each client and an electronic accounting system for client funds.

d. He employs a part-time bookkeeper and retained the services of a law practice management consultant, which he continues to consult on as needed basis.

Legal Conclusions

11. Based on the information contained in paragraphs 3-10, Respondent acknowledges that his conduct violated 37 C.F.R. § 10.112(a) by depositing, at times, into his business/operating account certain fees that were considered unearned by the USPTO for patent legal services; 37 C.F.R. § 10.112(c)(3) by not maintaining complete records of client funds; and 37 C.F.R. §§ 10.23(b)(6) by submitting checks to the USPTO that were returned for insufficient funds.

Mitigating Factors

12. Respondent has been a registered patent practitioner for over 25 years and has no prior disciplinary history.
13. Respondent unequivocally accepts responsibility for his deviations from the USPTO Code of Professional Responsibility and is deeply remorseful.
14. Respondent's current means of handling client funds exceeds USPTO requirements in so far as Respondent he places funds he receives in advance for costs and expenses in his trust account not his business/operating account. See 37 C.F.R. § 10.112(a) ("other than advances for costs and expenses").

Sanctions

15. Respondent agreed, and it is ORDERED that:

- a. Respondent be, and hereby is, publicly reprimanded;
- b. the OED Director publish the Final Order at the Office of Enrollment and Discipline's Reading Room electronically located at: <http://des.uspto.gov/Foia/OEDReadingRoom.jsp>;
- c. the OED Director publish the following Notice of Reprimand in the *Official Gazette*:

Notice of Reprimand

Steven Horowitz of New York, New York, registered patent attorney (Registration Number 31,768). Mr. Horowitz has been publicly reprimanded by the United States Patent and Trademark Office ("USPTO" or "Office") for violating 37 C.F.R. § 10.112(a) by depositing, at times, unearned fees for patent legal services into his business/operating account; 37 C.F.R. § 10.112(c)(3) by not keeping sufficiently formal accounting records for the deposits into and disbursement from his business/operating account; and 37 C.F.R. § 10.23(b)(6) by submitting checks to the USPTO that were returned for insufficient funds.

Mr. Horowitz signed and submitted to the Office eight (8) checks drawn on his business/operating account that were returned for insufficient funds. The returned checks totaled Three Thousand, Five Hundred and Sixty-Nine Dollars (\$3,569.00). He made good on all the checks, and the clients involved do not appear to have been harmed. Mr. Horowitz represents that a family illness, in

part, adversely affected his management of his law office. Since this matter has been brought to his attention by the Office of Enrollment and Discipline, he has taken the following remedial action: he has consulted with another licensed attorney and has become thoroughly versed in the rules of ethics regarding financial recordkeeping and the segregation of client funds; the financial institution where he opened and maintains a trust account has agreed to provide a report to the New York State Lawyer's Fund for Client Protection whenever a check from Mr. Horowitz's trust account is returned for insufficient funds, see generally 22 N.Y.C.R.R. § 1300.1 (and the financial institution's report that a check has been returned for insufficient funds will typically trigger an audit of his trust account by the Bar of the State of New York); he established and maintains both a ledger book with separate pages for each client and an electronic accounting system for client funds; he employs a part-time bookkeeper and retained the services of a law practice management consultant, which he continues to consult on as needed basis.

The following mitigating factors were taken into consideration: (a) Mr. Horowitz has been a registered patent practitioner for over 25 years and has no prior disciplinary history; (b) Mr. Horowitz unequivocally accepted responsibility for his mistakes and is deeply remorseful; and (c) Mr. Horowitz's current means of handling client funds exceeds USPTO ethical requirements. Those mitigating factors are reflected in the agreed-upon discipline imposed in this case.

This action is the result of a settlement agreement between Mr. Horowitz and the OED Director pursuant to the provisions of 35 U.S.C. § 2(b)(2)(D) and 37 C.F.R. §§ 11.26 and 11.59. Disciplinary decisions involving practitioners are posted at the Office of Enrollment and Discipline's Reading Room located at: <http://des.uspto.gov/Foia/OEDReadingRoom.jsp>.

- d. pursuant to 37 C.F.R. § 11.59, the OED Director give notice of the public discipline and the reasons for the discipline to disciplinary enforcement agencies in the state(s) where Respondent is admitted to practice, to courts where Respondent is known to be admitted, and to the public; and

- e. the OED Director and Respondent bear their own costs incurred to date and in carrying out the terms of this agreement.

Date

William R. Covey
Deputy General Counsel for General Law

on behalf of

David J. Kappos
Under Secretary of Commerce for Intellectual Property and
Director of the United States Patent and Trademark Office

Harry I. Moatz
Director Office of Enrollment and Discipline
U.S. Patent and Trademark Office
Mail Stop OED
P.O. Box 1450
Alexandria, Virginia 22313-1450

Steven Horowitz
285 Madison Avenue
Suite 700
New York, New York 10017

Notice of Reprimand

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Date

William R. Covey
Deputy General Counsel for General Law

on behalf of

David J. Kappos
Under Secretary of Commerce for Intellectual Property and
Director of the United States Patent and Trademark Office

3. Crown, on information and belief, is a Missouri corporation, having a principal place of business at 3630 Broadway, St. Louis, MO 63118.

JURISDICTION AND VENUE

4. This Court has federal question subject matter jurisdiction over all counts under 28 U.S.C. §§ 1331 and 1338.

5. Upon information and belief, Submittal Exchange and Crown regularly transact business in Missouri, and/or has committed tortious acts of patent infringement in the course of such business in Missouri, and, therefore, are subject to personal jurisdiction in this Court.

6. Venue is proper in this district under 28 U.S.C. §§ 1391(c) and 1400(b) because a substantial part of the events or omissions giving rise to Harris's claims occurred in this district, and Submittal Exchange and Crown are corporations that transact business in this district. Harris has licensed the below-described patent to an entity known as Submittaldot, LLC d/b/a ProSubmittals, which has a place of business located in this state and this District at 3218 Gillham Road, Kansas City, Mo, 64109-1714.

ALLEGATIONS COMMON TO ALL COUNTS

7. Harris is the inventor and the exclusive owner of United States Patent No. 7,062,514 ("the '514 Patent"), issued on June 13, 2006. A true and accurate copy of the '514 Patent is attached as Exhibit A. Under its license, Submittaldot, LLC ("Submittaldot") holds the exclusive right to make, have made, use, and sell products and services embodying the '514 Patent in the United States. The '514 Patent was duly and legally issued and is valid and enforceable.

8. Harris has the right to sue and recover for past, present, and future infringement of the '514 Patent and to obtain the relief sought herein.

9. The '514 Patent's claims cover *inter alia* a networked system that brings together the various professionals and suppliers that might be involved in creating, managing and storing the plurality of material specification submittals associated with a construction project.

COUNT I

Direct Patent Infringement against Submittal Exchange and Crown

10. Harris incorporates the allegations contained in paragraphs 1 through 9 of this complaint as though fully set forth in this paragraph.

11. Harris has the exclusive rights to make, use, sell, and/or offer to sell (or to grant to others such rights) with respect to any invention embodied in the '514 Patent throughout the United States, and to import any invention embodied in the '514 Patent into the United States.

12. Upon information and belief, Submittal Exchange and Crown have been and are infringing the '514 Patent by making, using, selling, and/or offering to sell one or more methods, products and/or apparatus which improve and facilitate the submittal and document approval process and which fall within the scope of the claims of the '514 Patent. Without limitation, Submittal Exchange's and Crown's infringing acts have occurred and will continue to occur, unless enjoined, in this district. Submittal Exchange and Crown will continue to infringe the '514 Patent unless enjoined by this Court.

13. At least Claims 1, 5, 14 and 18 of the '514 Patent have been and continue to be infringed by Submittal Exchange and Crown. Crown was the successful bidder on a project identified as O0911-01 Capital Building Electrical Renovations (the "Project") let by the State of Missouri, Division of Facilities Management Design and Construction. One of the requirements of the said Project is that electronic submittal processing be used and that the said electronic submittal processing involve certain features. Those features may be found on pages 32 (at the bottom) and 33 of the Plan and Specifications, Division 01, Section 013300, sub section 3.2, found at http://onlineplanroom.docucopyllc.com/viewImages.asp?job_id=4948.

14. Crown has designated Submittal Exchange as its on-line submittal processing provider to satisfy the above requirements of the Project. In satisfying the above-quoted requirements to fulfill the Project, Submittal Exchange and Crown will, of necessity, infringe At least Claims 1, 5, 14 and 18 of the '514 Patent.

15. Harris has suffered and continues to suffer irreparable damage caused by Submittal Exchange's infringing acts.

16. Harris has not consented to any acts by Submittal Exchange or Crown which infringe the '514 Patent.

17. Submittal Exchange and Crown are infringing with full knowledge of the '514 Patent, and their infringement has been willful and deliberate. Submittal Exchange's and Crown's deliberate copying, use and infringement of an invention or inventions embodied in the '514 Patent, without any reasonable justification, makes this an exceptional case, entitling Harris to treble damages and attorney fees pursuant to 35 U.S.C. § 284 and § 285.

COUNT II

Active Inducement of Patent Infringement against Submittal Exchange

18. Harris incorporates the allegations contained in paragraphs 1 through 18 of this complaint as though fully set forth in this paragraph.

19. Upon information and belief, Submittal Exchange has actively induced and continues actively to induce third parties, including (without limitation) Crown, to infringe the '514 Patent by, without limitation, licensing to various Internet clients one or more methods, products and/or apparatus which fall within the scope of the claims of the '514 Patent and actively participating and cooperating in Submittal Exchange's making, use, sale, and/or offering of such methods, products and/or apparatus.

20. Submittal Exchange's acts constitute active inducement of patent infringement in violation of 35 U.S.C. § 271(b).

21. Harris has suffered and continues to suffer irreparable damage caused by Submittal Exchange's acts of active inducement of infringement.

22. Harris has not consented to Submittal Exchange's active inducement of third parties to infringe the '514 Patent.

COUNT III

Contributory Patent Infringement against Submittal Exchange

23. Harris incorporates the allegations contained in paragraphs 1 through 23 of this complaint as though fully set forth in this paragraph.

24. Upon information and belief, Submittal Exchange has sold and/or offered to sell to various third parties and continues to sell and/or offer to sell to third parties, a component of the system covered by the '514 Patent, or a material or apparatus for use in practicing a process covered by the '514 Patent, constituting a material part of the

invention, knowing the same to be especially made or especially adapted for use in an infringement of such a patent, and not a staple article or commodity of commerce suitable for substantial non-infringing use.

25. Submittal Exchange's acts constitute contributory patent infringement in violation of 35 U.S.C. § 271(c).

26. Harris has suffered and continues to suffer irreparable damage caused by Submittal Exchange's contributory patent infringement.

27. Harris has not consented to Submittal Exchange's contributory patent infringement.

WHEREFORE, Harris prays that:

- a. The Court adjudge and decree that United States Patent No. 7,062,514 is valid and enforceable against Defendants;
- b. The Court adjudge and decree that Defendants have infringed United States Patent No. 7,062,514;
- c. Defendants be permanently enjoined from infringement of United States Patent No. 7,062,514 pursuant to 35 U.S.C. § 283;
- d. The Court order an accounting for damages sufficient to compensate Plaintiff for Defendants' past infringement of United States Patent No. 7,062,514, together with costs and prejudgment interest for the amount of damages determined;

- e. The Court order the impoundment of all material, tangible or otherwise, in the defendants' possession that: a) were used or are currently being used in the infringing activity, or b) is a product of the infringement activity. Such material would include but not be limited to software (including source code) and hardware, databases and all documents and information therein, archiving hardware software and hardware, user lists, accounts information, and user data stored in the system, marketing/sales materials, web site software and source code.
- f. The Court increase such damages pursuant to 35 U.S.C. § 284 up to three (3) times the amount found or assessed in view of the willful and deliberate character of Defendant's infringement;
- g. The Court find that this case is "exceptional" pursuant to 35 U.S.C. § 285 and award Plaintiff his reasonable attorney fees; and
- h. The Court award Plaintiff such other relief as may be just and proper under the circumstances.

JURY DEMAND

Plaintiff Harris hereby demands a jury trial on all issues so triable in this action.

VERIFICATION

STATE OF MISSOURI)
 CLAY) ss.
COUNTY OF JACKSON)

Elbert Harris, being first duly sworn, states on oath that he has read the contents of the Complaint; and that the matters contained therein are true to the best of his knowledge, information and belief, and that matters alleged on information and belief are believed to be true.



Elbert Harris

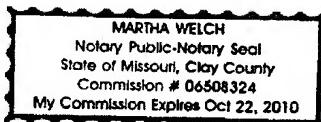
Subscribed and sworn to before me this 2 day of July, ²⁰¹⁰ 2006.



Notary Public

My commission expires:

10/22/10



**UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE DIRECTOR OF THE
UNITED STATES PATENT AND TRADEMARK OFFICE**

In the Matter of)
Steven Horowitz,) Proceeding No. D2009-52
Respondent)

Final Order

Enrollment and Discipline Director Harry I. Moatz (“OED Director”) and Steven Horowitz (“Respondent”) have submitted a Proposed Settlement Agreement to the Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office (“USPTO Director”) or his designee for approval.

The OED Director and Respondent’s Proposed Settlement Agreement sets forth certain stipulated facts, legal conclusions, and sanctions to which the OED Director and Respondent have agreed in order to voluntarily resolve a disciplinary complaint against Respondent. The Proposed Settlement Agreement, which satisfies the requirements of 37 C.F.R. § 11.26, resolves all disciplinary action by the United States Patent and Trademark Office (“USPTO” or “Office”) arising from the stipulated facts set forth below.

Pursuant to such Proposed Settlement Agreement, this Final Order sets forth the parties’ stipulated facts, legal conclusions, and agreed upon discipline.

Jurisdiction

1. At all times relevant hereto, Respondent of New York, New York, has been a patent agent registered to practice before the Office and is subject to the USPTO Disciplinary Rules set forth at 37 C.F.R. § 10.20 *et seq.*
2. The USPTO Director has jurisdiction over this matter and the authority to approve the proposed settlement agreement pursuant to the provisions of 35 U.S.C. § 2(b)(2)(D) and 37 C.F.R. §§ 11.20 and 11.26.

Stipulated Facts

3. Respondent of New York, New York, is an attorney registered to practice patent law before the Office (Registration Number 31,768) and is subject to the USPTO Disciplinary Rules set forth at 37 C.F.R. § 10.20 *et seq.*
4. At all relevant times, Respondent maintained a business/operating account and a client trust account for his patent law practice.